Spring Car Care Buy-In: Pp. 18-34

Robinson Summarizes 44 Years at Murphy: P. 11

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Designer Jeans Spur Surge in Back-Door Buying

Discounters May Hit $300M in Bootleg Name Brands

(Because bootlegging is an extremely sensitive subject, Discount Store News *departs from its usual practice of disclosing all sources. To name all the names would only injure men who are helping the industry break all the old brand-name barriers.)*

Exclusive DSN Report

Spurred by the remarkable surge in designer jeans, brand-item bootlegging will this year account for a record share of discounter business.

While hard figures for this back-door buying are not readily available, a survey by *Discount Store News* uncovered estimates as high as $300 million at the going rate of this underground business—a tidy sum, when you consider that this amounts to more than 1% of the industry's apparel business. And the guess is that there will be more bootleg buying this year. In fact, designer names such as Gloria Vanderbilt, Jordache and Calvin Klein—and Levi's jeans—will be more readily available than ever before.

"If you have enough volume and the ability to pay," said a Target buyer, "you don't have to call them. They call you."

See editorial, p. 6.

According to this Target buyer, bootleggers today are "as aggressive as any jobber in the market" in going after big discount store business.

Trading margin dollars for

(Continued on page 42)

"Last week a big East Coast discount chain called me back to order 160,000 pairs of Levi's. They had tried me earlier but didn't like the price, so they went shopping. But they had to come back to me because I'm the only one who can do it."—One of the nation's largest bootleggers of Levi's jeans.

A Typical Bootlegger Tells It Like It Is

As Discount Store News *researched this story, we talked to a great many apparel bootleggers and retailers. The following is part of an interview with a typical bootlegger.*

"I got into the business gradually, over several years, starting small and adding more and more stores to my supply network as I went along. Most of these stores where I get my goods are mom-'n'-pops or small chains, afraid to take the plunge and become a large-scale diverter, but in need of a way to make a few dollars without a lot of work.

"I've known most of them for years, but I wouldn't say we're friends. In fact, some of them are prostitutes, who would drop me in a minute if someone offered them a nickel more.

"This is the way I work my system. I call my sources and let them know how much I need for them to get for me—could be a few hundred pairs, could be thousands, depending on the size of the source and how much he can buy without alerting the manufacturer.

"When the stuff arrives, they call me and let me know, and I tell them where to ship the goods. For some big customers, I warehouse the goods, so sometimes it gets sent to me. Other times, it goes direct to the customer's warehouse.

"In either case, I pay my people up front. I take their word for the amount they owe, and send them that much plus their percentage, which is anything from 5%-8%. I just have my bank wire their bank the money. I don't get paid until later.

"With some chains, I get 90% of the invoice almost immediately and the rest after the goods are checked in, but other chains have normal 15-day or 30-day accounts."

Runway models show Caldor men's wear managers spring basics: branded fashion jeans with stylized pockets, and broad mix of sports tops to dress up or down. *(DSN photo)*

Caldor Rainbow Logo Bows as Apparel Brand

WESTPORT, Conn.—The Caldor rainbow logo premiered as an apparel brand at a fashion preview held here by the chain, as it moved to sharpen its competitive stance in today's brand-oriented marketplace.

The logo program, which underscored the chain's faith in its consumer franchise, was shown at a spring men's wear preview for store-level employees. It will complement an expanded "raccoon" line (Caldor's answer to the Lacoste alligator); a new activewear line carrying tennis star Rod Laver's name; an NFL line, and Lee and Wrangler programs fine-tuned to coordinate with Caldor's fashion merchandising.

"It's our way of doing branded business," said divisional merchandising manager Joe Friedman, referring to the rainbow appliques that will make their debut on unisex short ($6.99) and shirt ($11.99

(Continued on page 37)

DSN Readers Invited to Vote For Discounter of the Year

NEW YORK—It's time once again to select the Discounter of the Year, and for the first time voting is open to all *Discount Store News* readers.

On the ballot, which you will find on p. 5, a distinguished slate of leading discount department store executives compete for the honor of joining Sam Walton, chairman of Wal-Mart, and Carl Bennett, president of Caldor, winners in previous years. Voting closes March 30.

Your vote for Discounter of the Year should be based on the nominee's contribution to discounting in 1980, and you'll find capsule comments next to each man's name to help you make your decision.

The winner will be honored at DSN's annual SPARC (Supplier Performance Award by Retail Category) banquet in Chicago next August 16th, at the Hyatt Regency, during the hardware show. The new inductee of the discount Hall of Fame, which has in the past honored the late Marty Chase (founder of Ann & Hope), Harry Cunningham, founder of K mart, and Sam Walton of Wal-Mart, will also be feted.

(Continued on page 5)

The Touche Ross/DSN Discounter Management Development Series appears on p. 17.

K mart Gives Rebate on Own Goods (2 Drips)

By Arthur Markowitz

TROY, Mich.—K mart is offering rebates on its own lines of merchandise, probably the first such offer by a discounter.

The chain is offering $5 rebates on two 10-cup drip coffeemakers in its controlled brand K-lectable and La Collection Fleurs lines of traffic appliances.

The offer is also good for one of the longest continuous periods for a rebate—a full year.

While the two drip coffeemakers are the first K mart controlled brand items rebated, national brand electrics that are exclusive K mart goods have been rebated in the past and are also currently included in name brand manufacturers' rebate offers.

General Electric's 35-item rebate offer on electric housewares, in effect through May 31, includes a $5 rebate for the DCM 17 clock-timer drip coffeemaker and a $3 rebate for the T-94 toaster oven. The two kitchen electrics are sold only by K mart.

North American Systems' Mr. Coffee seven-item rebate that runs through June 28 includes a $7 rebate for the CBS-800 10-cup drip coffeemaker, which is primarily sold by K mart.

A K mart spokesman said the company's rebate is avail-

(Continued on page 5)

Chains Minimize White-collar Salary Test-Level Rise

Nationwide DSN Report

Discounters, who have been concentrating store-level supervision among fewer people—area and group managers primarily—for several years, expect little impact from new white-collar salary test levels slated to become law next month. Area and group managers at most discount department stores already earn more than the proposed new minimum.

(The new $225 wage test level was originally to take effect on Feb. 13, but was postponed by the Reagan Administration, which has proven, initially at least, more resistant to the labor lobby and more responsive to business groups like the National Mass Retailing Institute and the Association of General Merchandise Chains. The existing salary test level is $155.)

Those chains that have maintained department-, area- or group-manager salary levels below the proposed new limits, however, could find compliance costly.

At Zayre, for example, a spokesman said "an undetermined number of area managers are earning less than the proposed minimum," and will either have to be switched to an hourly rate or given raises if the new salary levels become law.

Executives from most other discounters contacted, including Woolco, Heck's and T.G. & Y., said low-level management salaries at their chains are already higher than the proposed $225 minimum, and those employees are exempt from Government overtime provisions.

Department managers (who are not members of management in most cases, although they do have minimal supervisory duties), are generally paid less than the proposed minimum but are compensated at an hourly rate and receive overtime. Under the current white-collar salary test levels, retailers are required to pay employees overtime at an hourly rate if more than 40% of their time is spent in nonmanagerial functions and their base pay falls below $155.

Most discounters questioned said the trend toward hiring group and area managers to take over the managerial duties of the department heads predates increased salary test levels, and will help discounters cope with them if they become law.

A spokesman for Hills said, for example, the company concentrated the responsibilities of department heads and area managers several years ago into the hands of four assistant managers assigned to each store, reducing the number of potentially exempt employees.

For the most part, the chains that have expanded the roles of group, area and assistant managers have either eliminated or drastically reduced the number of department managers.

Ron Tortelli, a ShopKo vice president, said management responsibilities for maintaining the various departments are assigned to three to six area managers in each store.

Tortelli said the chain has not had individual department managers for years, except in its larger stores where a specialized person is required in fabrics or automotive.

A similar management technique has been used in Richway, since the discounter's in-

(Continued on page 38)

OSHA Pay Rule Is Postponed

WASHINGTON—Retailers will not be under Government mandate to pay employees who accompany Occupational Safety and Health Administration personnel on inspections—until at least March 29.

A rule requiring that retailing employees be paid for such work was introduced by the Carter Administration in January but adoption was postponed.

Charges Dropped Vs. Jamesway 2

NORWICH, N.Y.—All criminal charges against two Jamesway employees here have been dropped, according to the Chenango County district attorney's office.

Indictments charging extortion had been returned against the employees in connection with security practices at the store early in 1980, but were dismissed last August by a local judge. At that time the judge gave the district attorney the right to air the allegations against the men before a second grand jury, but the district attorney "is satisfied with (Jamesway's) security policies," according to a release from Jamesway, and has decided not to seek a new indictment.

'Turning Point' to Be Theme of NMRI Convention

NEW YORK—The theme of the National Mass Retailing Institute's 1981 national convention in Bal Harbour, Fla., is "Turning Point."

The theme challenges discounters to merchandise against economic factors and, especially, new developments in the marketplace.

The high cost of money, spiraling inflation and expensive energy join flea markets, specialty malls, off-price stores and other new retailing concepts in fueling hot competition for consumer dollars in 1981 and years to come.

The turning point in the 80's will be in an emphasis on mixes of continually improved quality (including brand names).

Arthur Kanoff (left) of the Arnel-Plastron Div., United Merchants and Manufacturing Inc., who is chairman of the National Mass Retailing Institute (NMRI) sports committee and Stu Horton, publication director of *Discount Store News* examine one of the many trophies that will be awarded to winners of the sports competitions at the NMRI convention this May in Bal Harbor, Fla. DSN, Pepsi and the NMRI will again co-sponsor races of 6.2 miles (10 kilometers) and 2 miles, scheduled for an 8:30 a.m. Sunday starting time. The sports program will also include tennis and golf. The theme of this year's NMRI convention, set for May 9-13 at the Sheraton Hotel, is "A Turning Point."

K mart Biz Hits $14B For Year

TROY, Mich.—K mart's sales in the fiscal year ended Jan. 28 hit $14.2 billion, an 11.5% increase from the $12.7 billion reported for the previous fiscal year.

The percentage increase was one of the smallest reported by the company in recent years and was sharply under its 19.3% compounded annual growth rate for the decade ended in 1979.

The $12.7 billion volume in the 1979 fiscal year was a 12.8% increase from the $11.7 billion generated in the 1978 fiscal year which, in turn, was a 17.6% jump from the $9.9 billion reported for the 1977 fiscal year.

The 1980 sales gain outpaced the 8.3% rise in store count: to 2,242 K mart and variety stores from 2,069.

The discounter's sales in the four weeks ended Jan. 28 were $837.5 million, up 8.6% from $770.9 million.

More Remodelings Projected

Zayre Arm Unifies Presentation, Store Planning

FRAMINGHAM, Mass.—Zayre has restructured its merchandise presentation, store planning, training and private label activities into centralized departments under a newly created division, Merchandise Presentation and Stores Development.

The company has promoted vice president Stephen Wener to the post of director of the new division. Previously, he had managed the Volume Impact Program and also held district and store-level managerial posts.

Wener reports to Malcolm L. Sherman, executive vice president, as do the heads of other key Zayre divisions, including the general merchandise manager; the president of the Necto apparel division; the director of sales operations, and the director of marketing.

The new division coordinates all aspects of merchandise presentation and store planning and is the link between the stores and Zayre's real estate, marketing, merchandising and sales/operations divisions.

Zayre in the past half-dozen years has developed a new fashion look, using such advanced fixtures as waterfalls, movable baskets and zigzag gondolas.

This effort, under the Market Development Program, has resulted in the refurbishing of 130 of Zayre's 250 stores, with the remake, so far, of virtually all the units in five key markets: Boston, Chicago, Miami, Washington, D.C., and Tampa-Orlando.

Stephen Wener
Heads New Zayre Arm

The MDP program, which included the direct involvement of Sherman and Zayre president Maurice Segall, has been credited with helping the discounter boost sales and earnings and enhance its position as a neighborhood convenience discount store.

The new division enhances the MDP effort by bringing together "anything relating to the presentation of goods to the public, store ambience, training of salesclerks and planogramming of merchandise," an executive said.

Zayre plans an "aggressive opening program in the future" and additional store renovations, he added, that will be carried out by the new division.

MPSD brings together into four departments various aspects of merchandise presenta-

(Continued on page 4)

Zayre Buys 4 Communitys

CHICAGO—Zayre has acquired four closed Community Family Centers here for an undisclosed amount of cash to boost its store count in the metro market to 26.

K mart continues to be the dominant Chicago area discounter with 40 stores, but most of its units are outside of the inner-city market, while most of Zayre's stores are in it.

The four acquired Community stores are on South Halsted, South Cicero and North Clark in inner-city areas and on North Lincoln in Lincolnwood, just north of the inner-city market.

Zayre started negotiating for the four stores late last year while Community was owned by a group of investors headed by Donald Lazar. It completed the deal with the new owners of Community, Herbert and Michael Saywitz, who purchased the company three months ago.

The Saywitzes also own the May's Family Centers chain which has 13 stores in the Greater Chicago Area in Illinois, Wisconsin and Indiana.

A Zayre spokesman said the four acquired stores would be refurbished to fit the chain's new upscale fashion look.

Sale of the four stores to Zayre leaves the Saywitz interests with seven Community units, including three in the Chicago market outside of the inner-city area.

In This Issue...

FLEA IN THE OINTMENT. Flea market operators are obtaining current goods, mostly for cash, as they become a bigger retail factor. P. 12.

ROCKY ROAD. Automotive departments face an uphill sales drive this year, merchandisers report. See special Spring Car Care Buy-in section. Pp. 18-34.

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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Seasonals Top The List; Waxes Drop From Sight

By Herbert Rechter
President, Allied Accessories and Auto Parts

Winter seasonals dominated this Product Movement Audit for the one-month period ended Jan. 19.

A scraper/squeegee/snowbrush, a popular deicer and heavy duty sealed beams made it to the top of the charts while waxes, polishes and even the increasingly popular poly waxes dropped off entirely.

The real news this time is not in the rank of the items but in the total dollar and unit movement figures that go along with them.

Many of the 1,700 discount operations we service began to experience a drop-off in sales following an impressive first half.

It appears tough times will be with us at least through May, when a lowering of interest rates may bring about a reversal that will help 1981 end with a bright note as far as final sales figures are concerned. Until then, most discounters' operations will be tight, with buyers going back to basics.

There won't be any real "stars" in 1981 except, perhaps, the myriad of new poly waxes making it onto the scene. Many chains that stocked only one poly wax when they first appeared on the market last year are now carrying five and six.

But the higher margins the waxes can bring are already evaporating, as the number of waxes on the market continues to increase and prices are footballed. Soon margins may be no higher than those on the conventional waxes.

It also remains to be seen how strong the higher-ticket poly waxes will remain. Already the manufacturer of one regular wax—DuPont's Rain Dance, has begun to fight back and is telling purchasers that the Rain Dance shine is as good as a poly shine and can be obtained at a fraction of the price.

Accessories with a functional use, in particular those that can be given as gifts around holiday times and graduation will have an edge in the coming months. Two Sun indicative timing lights made it onto the top 100 products in the current PMA, and they did it despite declining sales of other tune-up equipment.

The higher-ticket Sun light came out on top. The light, which retails for $49.99 on average, moved 396 units and placed 11th as a total dollar producer. Its $29.95 cousin moved 182 units and placed 72nd.

Another highly functional accessory item that made a strong showing this year was an auto

(Continued on page 21)

Automotive

These automotive PMA figures are for the month of January. They were supplied by the Allied Accessories and Auto Parts Co., Madison Heights, Mich., and cover 2,000 stores, including 1,700 discount stores in 33 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	2 ton hydraulic floor jack	1,762	69.99	123,322.38
2	1	HD sealed beams, 6014	9,798	3.29	32,235.42
3	7	Motorcraft oil filter, F1-1A	8,564	3.49	29,888.36
4	—	Foot pump with gauge	2,076	10.99	28,815.24
5	—	Scraper/squeege/snowbrush	13,464	1.99	26,793.36
6	5	Gumout Jet Spray, 13 oz	10,976	2.39	26,232.64
7	10	A.C. spark plug, R45TS	19,120	1.29	24,644.80
8	30	Roberk wiper blade refill, RR16	10,127	2.19	22,178.13
9	80	One-piece auto ramp pair	956	21.99	21,022.44
10	37	Quaker State Deluxe, 10W-40	18,216	1.12	20,401.92
11	—	Sun Inductive Timing Light, CP7501	396	49.99	19,796.04
12	—	Prestone spray deicer	10,584	1.69	17,886.96
13	19	Pennzoil Deluxe, 10W-40	15,140	1.12	16,956.80
14	9	Gumout carb cleaner, 16 oz	8,483	1.99	16,881.17
15	50	Large rectangular sealed beam	1,934	7.99	15,452.66
16	21	Pennzoil All-Purpose, 10W-30	13,961	1.09	15,217.49
17	8	A.C. oil filters, PF-25	3,852	3.79	14,599.08
18	64	GM 8-cyl Uniset, OEM	1,738	8.39	14,581.82
19	24	Fix-A-Flat tire inflator	12,200	1.19	14,518.00
20	—	Roberk Wiper Blade refill, RR18	6,350	2.19	13,906.50
21	66	Square sealed beams, low 4452	2,730	4.99	13,622.70
22	78	A.C. spark plug, R44T	10,200	1.29	13,158.00
23	6	STP Oil Treatment, 15 oz	6,671	1.89	12,608.19
24	47	Delco 8-cyl tune-up kit, 101-2	1,850	6.39	11,821.50
25	27	WARCO Dot Brake Fluid, qt	3,036	3.89	11,810.04
26	20	WARCO Dot Brake Fluid, 12 oz	7,896	1.49	11,765.04
27	—	Prestone starting fluid	5,879	1.99	11,699.21
28	36	HD sealed beams, 4000	4,128	2.79	11,517.12
29	55	GM 8-cyl Distributor Cap (DR1976)	2,279	4.991	11,372.21
30	—	12-ft Booster cable, Sleeved	1,513	7.29	11,029.77
31	29	Bars Leak, 15 oz	5,662	1.89	10,699.29
32	—	Roberk Wiper blades, RW1316	4,644	2.19	10,194.45
33	13	6 amp battery charger	400	24.99	9,996.00
34	—	Valvoline Dexron ATF, qt	8,181	1.12	9,162.72
35	68	Auto bulbs, two on a card	10,174	0.89	9,054.86
36	34	Rislone Oil Alloy, 32 oz	4,317	1.99	8,590.83
37	25	A.C. spark plug	6,584	1.29	8,493.36
38	35	Bars Leak, 5½ oz	6,575	1.29	8,481.75
39	48	3 section antenna with booster	1,031	7.99	8,237.69
40	75	GM 8-cyl Tune-up Kit	2,287	3.59	8,210.33
41	—	Gumout carb cleaner, 12 oz	4,896	1.59	7,784.64
42	44	Quaker State Super Blend, 10W-30	7,128	1.09	7,769.52
43	61	A.C. spark plug, R46TS	6,008	1.29	7,750.32
44	62	R540 Aerosol starting fluid	7,096	1.09	7,734.64
45	—	A.C. spark plug, R45TSX	5,896	1.29	7,605.84
46	83	GM Combo Tune-up Kit, TK-237	1,689	4.49	7,583.61
47	—	Chilton Repair Manual (81)	538	13.99	7,526.62
48	51	A.C. spark plug, R46S	5,744	1.29	7,409.76
49	—	Mechanic's creeper	666	10.99	7,319.34
50	31	Gas line anti-freeze, plastic bottle	14,394	0.49	7,053.06
51	—	GM cap and rotor (electronic ignition)	568	11.99	6,810.32
52	—	Super snow brush/scraper	4,248	1.59	6,754.32
53	56	Roberk wiper blades, 18"	3,075	2.19	6,734.25
54	—	Thermostat	3,344	1.99	6,654.56
55	3	Armor All, 8 oz	1,968	3.29	6,474.72
56	45	Coleman Air Compressor	161	39.89	6,422.29
57	59	Yale power steering fluid, 14 oz	4,294	1.49	6,398.06
58	82	12-ft Booster cables, (Deluxe clamp)	426	14.99	6,385.74
59	43	WD-40 aerosol, 9 oz	3,528	1.79	6,315.12

(Continued on page 21)

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As you know, Champion makes the right spark plug for a whole world of cars. From AMC's to Datsun Z's.

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Discount Store News

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PRODUCT MOVEMENT AUDIT

Seasonals

(Continued from page 20)

ramp pair that ranked ninth as a total dollar producer and moved 956 units.

A foot pump with a gauge also proved to be a strong seller, moving 2,076 units and ranking seventh as a total dollar producer. The item began to catch on in July and produced strong sales without affecting the movement of Coleman's electric air compressor, tagged at $39.89.

Automotive

(Continued from page 20)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
60	—	Compass 1	1,560	3.99	6,224.40
61	—	Windshield scraper, 10"	6,240	0.99	6,177.60
62	—	Motorcraft res plug book	5,130	1.19	6,104.70
63	—	Roberk wiper blade refill, RR15	2,785	2.19	6,099.15
64	—	Ahoogah horn	305	19.99	6,096.95
65	—	Thermostat	2,887	1.99	5,745.13
66	—	Aerosol spray deicer	5,803	0.99	5,744.97
67	—	Ultra X11 coil	573	9.99	5,724.27
68	92	2 Ton Hydraulic Bottle Jack	476	11.99	5,707.24
69	67	A.C. oil filters, PF-40	1,486	3.79	5,635.73
70	—	A.C. spark plug, R46T	4,264	1.29	5,500.56
71	—	Prestone coolant tester	1,146	4.79	5,489.34
72	—	Sun Inductive Timelight	182	29.99	5,458.18
73	—	Deluxe auto vacuum	248	21.99	5,453.52
74	—	Window defroster	418	12.99	5,429.82
75	—	A.C. spark plug, R44XLS	4,208	1.29	5,428.32
76	—	Auto trans fluid—A, qt	7,871	0.68	5,352.28
77	—	Duel air horns, plastic	178	29.99	5,338.22
78	60	A.C. oil filters, PF-35	1,342	3.89	5,220.38
79	96	Power liquid battery additive	2,374	2.19	5,199.06
80	79	Wynn Carb cleaner, 11¾ oz	2,587	1.99	5,148.13
81	—	Gumout fuel mix, 12 oz	3,396	1.49	5,060.04
82	17	Valvoline, 10W-40	4,583	1.09	4,995.47
83	—	4 ton hydraulic bottle jack	276	17.99	4,965.24
84	—	Custom wire set	512	9.69	4,961.28
85	—	Universal hand chk conv kit	1,048	4.69	4,915.12
86	—	3 section ball spring	655	7.49	4,905.95
87	33	Prestone super flush kit, PK12	1,680	2.89	4,855.20
88	—	Roberk univ. washer pump	506	9.49	4,801.94
89	—	Rubber splash guard, black	794	5.99	4,756.06
90	—	Lo-mnt truck mirror, chrome	264	17.99	4,749.36
91	53	Thrush muffler (T-4163)	313	14.99	4,691.87
92	14	National Al-Purpose oil, 10W-30	6,287	0.74	4,652.38
93	—	Quartz light kit, SS41D	160	28.99	4,638.40
94	—	Electric Air compressor, EC-15	210	21.99	4,617.90
95	—	Silicone custom wire, 8mm	287	15.99	4,589.13
96	—	Ford 8-cyl tune-up kit	1,576	2.89	4,554.64
97	—	Suntune 3" face tachometer	167	26.99	4,507.33
98	72	A.C. oil filters, PF-24	1,151	3.79	4,362.29
99	—	4 amp battery charger, BC804	217	14.71	4,337.83

Although higher-ticket, less functional accessory items generally did poorly, computerized musical horns appear to be an exception. Allied will begin stocking one at $69.95 shortly. Supply problems caused by high demand made the item difficult to obtain.

Despite the strong showing of the two Sun timing lights, other tune-up equipment is on the downturn. The main culprit appears to be the decrease in driving, but the growing prevalence of electronic ignitions is also a factor.

Oil sales are also down, and once again, reduced driving appears to be a reason. A year ago at this time three leading motor oils were among the top 20 dollar producers. They moved 68,600 units. This year only two oils made it to the top 20 dollar producers on the PMA.

A bright note for the coming months is that electronic ignition parts are on the rise in sales. So far, no one electronic-related product has made it to the top 50 on the PMA, and there probably will not be one strong electronic item through the remainder of 1981; the gain in strength is a more general one, with a wide variety of tune-up equipment, ballast resistors and wire sets gradually but consistently gaining in strength. A cap and rotor for an electronic ignition placed 51st as a dollar producer. A total of 568 units were moved at $11.99.

Profit Makers

Uphill Fight

(Continued from page 18)

achieved a 5% sales gain—about half of what executives had projected earlier in the year—before things turned sour.

"Our biggest problem right now is the market," explained Herbert Rechter, president of Allied Accessories and Auto Parts, a Michigan—based distributor that serves 1,700 discount stores. "We're all aiming for tighter inventory and faster turns, but there really is no secret formula. When the volume comes back it will cure all of the ills."

Even if there is no "secret" formula, many chains reported they were keeping sales churning and improving the department's bottom line by pushing harder in areas that exhibit more life, such as chemicals.

Magic Mart, for example, achieved sales increases in the chemical category of 21%—more than four times the sales increase for the department

Much of the boom in chemicals started with the increased concern over maintenance. As new car prices rose, increasing numbers of people were finding it more economical to hold onto their old ones.

The trend toward increased maintenance is also expected to carry over to waxes and polishes. Poly waxes, which made their entry to the market in early 1979, are expected to make the greatest strides.

Chains that were carrying only one or two poly waxes into the fall are now carrying five and six. Many chains are planning further expansion of their poly wax selection this spring.

Connecticut-based Caldor appears to be leading most other discounters with the strength of its expansion. A buyer for the company said approximately 12 poly waxes will be added to the three already carried.

(Continued on page 28)

view: Pp. 21-55
Pp. 8-14

unt Store News®

SPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

ed Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$2 a copy
MARCH 9, 1981

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Few Biz Gains Survive Adjustment For Inflation, New Stores

Only a few discount department store chains have reported year sales gains that survive deflation by the Department Store Inventory Price Index (DSI) and by new-store contributions.

Wal-Mart's 31% increase in its just-ended fiscal year, to $1.6 billion, reduces to a 12% store-for-store gain, and when deflated by the DSI (last released in July 1980, at 7.6%) it shrinks further to a real gain in volume of approximately 4.4%.

Caldor's 18.5% sales increase to $666.5 million was not broken out into same-store gains. The chain entered the fiscal year with 56 stores and ended with 63, a 12.5% rise in the store count; but most of those stores contributed for only a short time. After an arbitrary adjustment downward by one-

(Continued on page 66)

Chain	Simple % Sales Change	% Sales Change Deflated by DSI*	% Adjustment For Store Count Change	% Approximate Real Change
Caldor	+18.5	+10.9	– 4.2**	+6.7
Wal-Mart	+31.0	+23.4	–19.0	+4.4
G. C. Murphy	+ 7.4	– 0.2	+ 2.2**	+2.0
K mart	+11.5	+ 3.9	– 3.0**	+0.9
Venture	+ 4.3	– 3.3	N/C	–3.3

* *The DSI (Department Store Inventory Price Index) was 7.6% when last issued in July 1980. The Bureau of Labor Statistics will issue it again this month, but little change is expected.*

** *DSN estimates of the impact on real sales increases by stores opened or closed during the fiscal year.*

N/C—No change.

Sales increases for some of the nation's leading discount chains, for the fiscal year just ended, are reduced and in some cases eliminated when adjustments are made for inflation and new-store contributions. But even adjusted sales figures are less meaningful than ever, as it becomes more important to measure true productivity gains or declines. Sales per square foot may not tell the whole productivity story in the heated business environment of the 80's.

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at this time could place an insurmountable burden on the chain.)

The decision to take the chain private also coincides with several belt-tightening moves by FedMart, including:

- the closing of the San Antonio warehouse and contemplated shutdown of an 88,650-sq.-ft. warehouse facility in Hempstead, Tex., and a 46,080-sq.-ft. warehouse in Tempe, Ariz.;
- freezing executive salaries for one year and junior management salaries for six months;
- requesting wage freezes for store employees represented by various Retail Clerks and Teamsters Unions, and
- the sale of the company jet.

Pressure to take the chain private was brought to bear on Mann by the board of directors, according to Gundlach, who insisted that the chain had no alternative because of its need for new equity capital.

"The purpose of being public is to raise money. FedMart couldn't because of our losses and the size of Mr. Mann's holdings," Gundlach said. "Wall Street has been urging us to do this for some time."

In addition to the millions he

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1973, while sales dipped 6% from the previous year, to $390 million. The Treasury had posted sales gains since 1976, and this reversal of the sales uptrend suggests that this year's losses will be higher than in the past.

The Treasury's shaky financial posture stems from its weak customer identification, Penney's half-hearted involvement in its stepchild's development, and a confusing array of strategy shifts that took the chain from a junior J. C. Penney outlet, to a promotional department store with supermarket, to a low-end discounter without supermarket. None of

(Continued on page 5)

Leftwich, New K mart President, To Help Steer Productivity Drive

TROY, Mich.—Samuel G. Leftwich has seen it all in his 33-year career with Kresge and K mart—or has he?

As the new president and chief operating officer of K mart, he is taking his place now among other merchandising-oriented executives heading the chain—executives who will be directing K mart in its transition from the Bob Dewar growth years of the 1970's to the Bernard Fauber era of emphasis on increased sales and labor productivity. And Sam Leftwich is in at the very beginning, again.

Leftwich's story at Kresge and K mart is a classic of upward mobility in a retail chain: from stock boy to president, with roles over the years as Kresge store and district manager, K mart store and district manager, Western regional manager (also at the start of that region's rapid growth pe-

Samuel G. Leftwich

riod), director of food services, vice president and senior vice president of personnel.

"The K mart philosophy has always been to develop key people first as generalists, and then to put them into jobs

(Continued on page 6)

Chains' Soaring Nonmerchandising Costs Deflate Profit/Sq. Ft. Figures

Inflation is driving the nonmerchandising expenses of retailers higher and faster than it is driving their revenue base, as measured by the Consumer Price Index (CPI) and the Department Store Inventory Price Index (DSI).

Productivity-minded discounters who have been lulled into a false sense of security by pretax profit gains that outstrip sales gains should take a closer look, according to the Touche Ross & Co. accounting firm.

A recent study of five discount department store chains during a five-year period—fiscal years ended in 1976 to 1980—showed pretax profits increasing an average of 123.8%, while the average sales gain was 51.4%. That 2.4:1 ratio seems, at first glance, to give a comfortable margin of improved productivity, at least by comparison of pretax profit increases to sales gains.

But sales and pretax profits *per square foot* didn't rise as fast. Sales per square foot rose only 39.8% during that period, and pretax profits per square foot increased by 106.2%. Still, even at the lower per square foot figures, there seems to be a comfortable tendency to derive profits 2.7 times faster than sales.

But there's another fly in the ointment. The Consumer Price Index—which should be used to deflate pretax profit figures, since it measures inflationary pressures that impact directly on retailers' major nonmerchandising expenses—rose almost twice as fast during that five-year period as did the Department Store Inventory Price Index, which can be used to deflate the sales figures.

When deflated by the CPI (up 35.2% in those five years), that comfortable 106.2% gain in pretax profits per square foot is reduced substantially.

And, when the 39.8% gain in sales per square foot is deflated by the slower-rising DSI (up 18.3%), suddenly there isn't as much spread between the growth of profits and the growth of sales.

In short, while discounters have been improving productivity by one measure (pretax profits per square foot) faster than the CPI has risen, thus staying ahead of inflation, the numbers are not as impressive as they appear at first. The challenge in 1981 and beyond will be to maintain the existing productivity momentum

Productivity

(Continued from page 1)

plains how the change of heart came about. For 1980, K mart reported an 11.5% sales increase. When that figure is deflated by the DSI, it shrinks to 3.9%. And when an adjustment is made for new-store contribution to the increased volume, DSN estimates K mart's real sales gain to be under 1%. (The adjustment for new-store contribution made by DSN was 3%.)

"A disproportionate number of the new stores that opened last year were smaller in size than the existing base," pointed out a K mart spokesman. "New stores don't perform as well as established stores, and only about 51 of the 193 new stores opened in the first six months of the year anyway."

Those considerations aside, K mart's sales gains have taken a dive in recent years (11.5% in 1980, 12.8% in 1979, 17.7% in 1978, 18.6% in 1977, and higher than 20% for 10 years before that) while selling, general and administrative costs (SGA) rose from a low of 17.8% in 1973 to almost 20%, not including advertising and interest, in the fiscal year ended in January 1980.

Including advertising and interest, SGA at K mart in its 1980 fiscal year were 22.5% of sales, compared to 21.5% the year before—a full percentage point jump. For that fiscal year, K mart's SGA (including advertising and interest) and cost of merchandise sold totaled 95.4% of sales, a figure which has remained fairly consistent over the years for K mart. But in the past, real sales growth provided the muscle; because of the slowing of its sales gains, increased productivity will have to provide the muscle now.

"We're measuring productivity by sales per square foot—for now," said a T.G. & Y. merchandiser. "But we'll be looking at profits per square foot in the future."

How to boost those profit-per-square foot figures? One way being tried at T.G. & Y. is a remerchandising of its high-volume fabric departments for better sales productivity. Long a staple category at T.G. & Y., and a leading contributor to sales volume, the departments in the larger stores were found to be less productive (in terms of sales per square foot) than those in the chain's smaller units. The solution opted for by T.G. & Y. is shrinking the department—boosting sales productivity, as long as sales stay constant—and moving high-volume, high-margin domestics into the space vacated by fabrics. Sales per square foot in the remerchandised fabrics department should rise, and per-square-foot figures higher than the fabrics generated will come from the expanded domestics lines.

Increased sales productivity will bring higher volume (and more profit dollars) for the short term, and perhaps even over the long run. But to be sure, T.G. & Y. will be tracking the profit dollars per foot, not the sales.

"Sales per square foot are totally misleading," said Heinz Gundlach, vice chairman, FedMart. "Gross profit dollars are the best measure that we can use, since a substantial sales increase can come from heavy low-margin sales."

Gundlach is familiar with the impact of low-margin sales. A large portion of FedMart's volume (approximately 50%) is in supermarket sales, and the chain has been trying for years to increase its nonfood sales slice (particularly soft lines) to offset rapidly rising costs.

"Our overhead has been declining," said Gundlach, "because of economy measures we have taken. But utility costs, interest, payroll and fringe benefit costs have all been escalating to the point where I almost feel like throwing up my hands in despair."

"Retailers can't cut costs enough to compensate for constant, built-in inflationary increases," added Gundlach. But he suggested steps to cut those costs could include reduced lighting, reduced store hours and the closing of stores located far from distribution centers, where transportation costs are high.

At Heck's, vice president of merchandising Jim Doss reported that his chain has been able to move its store hours up one-half hour, opening from 9:30 a.m. to 9:30 p.m. instead of 10 to 10.

"We didn't decide to do that to save money," Doss explained. "We check our counts regularly, and found out our shoppers were coming in earlier and leaving earlier, so we changed our hours to accommodate them. But it does save us money." Since the stores are open fewer hours during the hours of darkness, Doss said "turning off the parking lot lights alone saves us money."

Heck's—which has always been one of the more profitable discount chains in terms of net income as a per cent of sales—is still firmly attached to sales productivity measurement by sales per square foot, and when a store is performing under par, "we increase the advertising to bring in more sales," said Doss.

Since sales productivity increases can provide a quick fix for a volume-hungry company, and since labor productivity increases can insure steady profit-productivity increases for the long term, many chains have instituted concurrent programs, similar to K mart's. But the strong regional chains (Wal-Mart, Caldor and Target for example) seem to have an edge. They have been able, because of their relatively small size, to bring in the EDP and other information system advances that help insure labor productivity gains for the future; and they've brought them in while they're still in a strong growth mode, where increasing sales per square foot give them the profit muscle to survive.

K mart, on the other hand, has been slow in fully implementing some of the long-term necessities (like its EDP system), and may suffer a profit decline during the next few years until labor productivity increases supplant the shorter-term benefits of sales productivity gains.

Adjustment

(Continued from page 1)

third of the store-count increase—4.2%—and deflation by the DSI, Caldor's 18.5% gain is lowered to approximately 6.7%. The real gain may be slightly lower than that, given Caldor's high (about 65%) hard lines business. (The DSI is skewed downward by apparel prices, which have not increased as rapidly as hard lines categories.)

G. C. Murphy's sales gain in its just-completed fiscal year was 7.4%, but resulted from 4.3% *fewer* stores at the end of the year—448, compared to 468 at the end of the preceding fiscal year. Using the same kind of adjustment as at Caldor, but one-half the percentage change in the store count—Murphy's 7.4% gain becomes a real gain of approximately 1.95%.

K mart's 11.5% sales gain in the year just ended, to $14.2 billion, came from 2,242 stores at year's end—an 8.4% rise in the store count. K mart's 11.5% unadjusted sales increase, deflated by the DSI and by 3.0% to adjust for the increased store count, becomes a rise of only 0.9%.

Venture's 4.3% increase in sales over its previous fiscal year came from the same number of stores, and disappears completely when deflated by the 7.6% DSI. It becomes a sales decline, in real terms, of 3.3%.

The impact of inflation on profits will be covered in the annual reports of these chains, due later this year, as constant-dollar reporting (required by Financial Accounting Standards Board statement 33) is included.

But the disparate rates of inflation between the DSI and the Consumer Price Index—between revenue-affecting and expense-affecting increases—require discounters in the 1980's to take a very close look at some new measurement of productivity. Whether profits per square foot, or return on inventory investment, or some formula combining those or other elements, a new measure is needed. The sales dollar is just too variable a measure in the present economy.

Showrooms

(Continued from page 8)

The president of a major regional chain, however, asserted that the greater use of flyers would be limited to the larger chains that face different competitors in a variety of markets. "A regional or local cataloger can tailor his book to meet competition and can also offer individual services and a better showroom ambience, so there is less need to resort to flyers to draw shoppers."

A company with two small showrooms in an exurban market that dropped its book in 1980 and tried to use just flyers and newspaper ads during the holiday period said the effort was a failure. "In small towns shoppers keep the book for a year and use it for items and prices. Flyers and newspaper ads don't have the same impact. We had lots of requests for a catalog this past Christmas," the company's president said.

The problems affecting the industry, however, are expected to only adversely impact a few companies, according to a leading industry executive. "We have learned that we aren't completely recession proof," he asserted, "and while there will be a shakeout of a few smaller companies, we wouldn't be hurt as dramatically as other retailers."

The executive said that "the most important thing for catalogers to do is to control costs."

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1981

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Newman, Greenspan, Crosby Spark NMRI Convention Schedule

NEW YORK—The National Mass Retailing Institute (NMRI) has announced a tentative schedule for its convention May 9-13 at the Sheraton Hotel, Bal Harbour, Fla.

It includes equal doses of enterprise and entertainment—including appearances by writer and news commentator Edwin Newman, economist Alan Greenspan and comedian Norm Crosby—rounding out 15 general and concurrent sessions.

Sports, ladies programs and the ongoing merchandise show, featuring gifts, complete the busy five-day schedule.

The "Turning Point" theme will be the framework for the following agenda, which NMRI executives said is not quite complete and subject to change.

Saturday, May 9: Registration, 9 a.m.-8 p.m. NMRI hospitality room open throughout the convention from noon to 5 p.m. Merchandise show, 4:45-7:30 p.m. Reception in the exhibit area, 6-7:30 p.m. Welcome Banquet, featuring Edwin Newman as the after-dinner speaker, 7:45 p.m.

Sunday, May 10: Sports program for ladies and men, featuring golf, fishing, tennis tournaments and DSN's marathon races, 7:30 a.m.-1:30 p.m. Sports luncheon with guest celebrity speaker and presentation of awards, 1:30-3 p.m. Merchandise show, 3-4:30 p.m. General session No. 1, "The Economy of the 1980's and Its Effect on the Mass Retailer," by Alan Greenspan, 4:30 p.m.

Monday, May 11: NMRI annual membership meeting for retailers, 7:30-8 a.m. NMRI annual meeting for associate members, 8:15-8:45 a.m. Ladies Day at the racetrack, and luncheon program, 10:30 a.m.-4 p.m. General session No. 2, Ninth DuPont NMRI Study, "Where Shoppers Buy General Merchandise Goods and What Prompts Their Decisions," 9-10:30 a.m. Three concurrent sessions, 10:45 a.m.-noon, include No. 3, "What Our Company is Doing to Maximize Gross Profit Dollars"; No. 4, "Payroll Productivity", and No. 5, "The History of Discounting," a retrospective—1966 to present." Lunch, 12:15-1:30 p.m. Merchandise show 1:30-3:45 p.m. Session No. 6, Presidents' Roundtable discussion of "Inflation in the 1980's"—how companies plan to handle inflation in the coming decade. Reception and buffet hosted by the Newell Companies, 7-9 p.m.

Tuesday, May 12: Political Action Committee breakfast, 7:30-8:45 a.m. General session No. 7 featuring Dr. Mortimer Feinberg, president, BFS Associates, 9-10:15 a.m. Concurrent sessions, 10:30-11:45 a.m; No. 8, "New Forms of Discounting, Outlet Malls and Specialty Brand Name Outlets"; No. 9, "Warehousing and Distribution, A Study of Merchandise Flow in the Discount Department Store Chains", and No. 10, "Energy Conservation." Ladies Program, 9-11 a.m. Merchandise Show and lunch in the exhibit area, featuring grand prize award, a seven-day tour to Spain, 11:45 a.m.-2:30 p.m. Concurrent sessions, 3-4:15 p.m.; No. 11, "Inventory Management Systems"—how to increase buyers' time spent on merchandising decisions and decrease time spent on mathematics; No. 12, "Why Industry Leaders Are Upgrading their Stores", and No. 13, "Vendor/Retailer Relations." Reception, 7-7:45 p.m. Gala Banquet featuring Norm Crosby, 8 p.m.

Wednesday, May 13: General session No. 14, "Convention Wrapup"—informal discussion, 8:30-9:30 a.m.; complimentary continental breakfast, 8:30-9 a.m. General session No. 15, tour of local discounters sponsored by *Discount Store News*/NMRI, 9:30-11:30 a.m.

At Annual AGMC Meeting

Murphy's Robinson Honored as Retailer of Year

NEW YORK—S. Warne Robinson, retiring chairman of the G. C. Murphy Co., was honored as the Retailer of the Year by the Association of General Merchandise Chains (AGMC) at its 48th annual meeting here.

Incoming (1981) chairman Richard Anderson, president and chief operating officer of F. W. Woolworth, and his boss, Edward Gibbons, chairman of Woolworth, introduced Robinson, who generated waves of laughter in the crowd of retailer and associate members at the Plaza Hotel with his thoughts on growing old.

"You realize you're getting old," said Robinson, "when your mind starts making contracts your body can't fulfill. When you're sitting in a rocking chair, and you just can't get it going. Or when after painting the town red, you need a good long rest before you can give it a second coat."

Also remembered at the meeting was Jim Newgent, deceased president of T.G. & Y., whom outgoing AGMC chairman Bob Soelter, president of Duckwall-ALCO, remembered "as a friend as well as a merchant." Dan Kelly, who succeeded Newgent at T.G. & Y., accepted a plaque for Newgent's widow and told the audience that Newgent "knew about this award before he died, and wanted me to express his appreciation."

According to new chairman Anderson—who reminded the audience of his company's role in founding an organization 48 years ago that would eventually become the AGMC—the association's activities on the legislative and regulatory front "more than justify the cost of membership."

Anderson went on to point out the AGMC's growing strength in other services, including publications, research and educational sessions, and urged all member firms to take full advantage of the help.

"The state of our industry and our economy demand that we miss no chance to improve our knowledge and our operations," said Anderson. "The commitment that each member makes to the AGMC activities can be the best investment you make this year."

S. Warne Robinson (l.), retiring chairman, G. C. Murphy Co., and AGMC Retailer of the Year, received plaque from Edward Gibbons, chairman, F. W. Woolworth, who had introduced him. *(DSN photo)*

Fabric Space (Not Mix) Is Trimmed By T.G. & Y.; Domestics Expanded

OKLAHOMA CITY—In a moye to increase its productivity in soft lines, T.G. & Y. is reducing the square footage of its fabric department and turning the space over to upgraded domestics lines.

T.G. & Y. will not cut back fabric commitments—in fact the budget for fabrics and notions has been expanded this year—but has found sales per square foot are higher in its smaller-size departments. So, the area, not the inventory, of about 95 of the chain's largest stores' fabric departments will be shrunk.

Sales should increase from $89 to $100 per square foot for those stores after the move is completed in April. The 3,600-sq.-ft. departments of class 1A and 1B units will be shrunk 12% to 3,212 sq. ft., the size of fabric areas in class 2 stores, which steadily report sales per square foot in the $100 range.

The new program will be the setting for upgraded price points and an appeal to a broader range of customers as well.

A traded-up and remerchandised extension of the domestics department will most likely move into the freed-up space, Morris Steen, merchandiser for fabrics and domestics, said.

"We're certainly not pulling in our horns on fabrics, and we're not just filling in a hole. We had put the pencil to fabrics (last year's sales were flat) and, at the same time, in programming our domestics department, it became obvious that we were going to need a little more space," he explained.

Steen projected the expansion will boost domestics sales 20%-25%. To what extent, if any, other departments will be affected is uncertain.

Because existing counters will be used, Steen said the cost (which he would not disclose) would not be significant.

Both reprogrammings will include trimming of unproductive sku's and adding of num-

(Continued on page 7)

Spotlight on: Bath Shop

Upgraded Display Techniques Spread at Caldor

WOONSOCKET, R.I.—New display techniques first unveiled at Caldor's recently remodeled flagship store in downtown Stamford, Conn., are making their way into the other stores in the 60-plus-unit chain.

Here, at the chain's first Rhode Island store, opened late last year, the bath shop was among the departments (which included housewares and consumer electronics) benefiting from the new display upgrades.

An already color-coordinated towel presentation got further visual emphasis with the addition of towel-wrapped tubes which bring the stock to the top of the side wall without additional inventory investment.

In This Issue...

TAPING CATALOGLAND. This issue's special Catalog Showroom Census gives results and projections for leading catalogers' sales, profits, and new-store plans. (Pp. 8-14.)

SCHOOL DAYS. Discounters' buying plans for the back-to-school season are reported in a special preview section. Categories highlighted include apparel, stationery, home and office products, calculators and knapsacks. (Pp. 18-55.)

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Catalog Showroom Census

DISCOUNT STORE NEWS

MARCH 9, 1981

Focus Switches to Internal Operations, Merchandising

1981: Turning Point For Maturing Showroom Industry

By Arthur Markowitz

This year is shaping up as a turning point for the catalog showroom industry.

Inflation, high interest and mortgage rates, maturing of the industry and recognition by other retailers that showrooms are viable competitors all combined to brake catalogers' 10-year explosive growth in sales and number of units.

This year catalogers are projecting lower sales gains and fewer openings as they focus on improving internal operations and merchandising before resuming another growth pattern that will reflect the different potentials of the three broad types of companies that make up the industry.

The Big Six, which account for about 40% of the industry's sales, were the most affected by the 1980 slowdown. Their future growth is seen as coming through lower operating costs from full-sized showrooms, and development of scaled-down units to use as (a) satellites in major cities where they already have stores and as (b) the thrust into smaller new markets.

The 50-odd regional and local chains that will face the greatest challenge from the Big Six will continue to focus their growth in their prime markets to spread out advertising costs, catalog distribution expenses and shipping costs among more showrooms in contiguous areas.

The companies with one or two showrooms in a community and which make up the rest of the industry will maintain their past measured growth by continuing to feature a merchandise mix tailored just for their customers combined with highly personalized service. These family-owned businesses located in small communities and exurban areas often are the only low-price hard goods competition to full-price retailers.

Inflation and the high cost of money are seen as the two factors that will most determine the industry's future growth.

Catalogers' lower prices compared to other retailers are the industry's prime attraction. One stock analyst said that "customers know the item and price when they walk into a showroom. When catalogers fail to maintain a price, they disappoint shoppers. If the latter trend continues, customers will find other places to shop."

He added that some major catalogers are now being beaten on everyday prices by other retailers. "Catalogers will have to face this problem and make the prices in their book viable for the life of the catalog or date the book."

Another analyst asserted that catalogers are now under pressure to have new showrooms produce profits quicker because of high interest rates.

"Chains will open smaller units that will generate a profit on lower costs, add fewer new showrooms, or develop some combination of these two approaches," he said.

A consultant who is completing a study of the industry noted that the number of books used by a chain will keep pace with the growth in showrooms, but that the post office will remain as the key distribution vehicle, either through mailing of the catalog or a postcard.

This trend denotes the more sophisticated use of computers to pinpoint catalog customers to avoid excess distribution and to eliminate recipients who have moved.

Flyer growth, the consultant added, will be greater than the rate of showroom expansion because such promotions don't lock catalogers into a price on a long-term basis, and give chains the flexibility to meet competitors in different markets.

(Continued on page 66)

Growth Slows But Catalogers' Biz to Rise 11.3%

(Continued from page 3)

but stronger group of chains is seen in the volume projections for the top six companies, which total $3.6 billion, a 12.5% increase from the $3.2 billion the top half-dozen accounted for in 1980.

The readjustment that many catalogers are undergoing due to the economy can be seen in the showroom growth plans. The three major multiregion catalogers—Service Merchandise, Best Products and Modern Merchandising—have trimmed their growth plans, while a number of regional and local chains have actually stepped up expansion.

Only one cataloger, Jewelcor, has actually cut back the number of showrooms in operation, going from 29 to 24 at presstime as five units in Florida were closed.

Service Merchandise's 14-store expansion last year compares to only six definite units this year, while Best has cut back from 15 to 10 and Modern Merchandising is down to three (or possibly four) from seven.

38 Top Catalogers to Do $5.2 Billion in Sales For Year, Up 14.7%

Chain (Hq. and coordinator)	Showroom $ sales [millions] Estimated current fiscal year	Last completed fiscal year	$ Net profit [millions] last fiscal year	Showrooms As of Jan. 1 1981	As of July 1 1981	As of Dec. 31 1981	To be opened in 1982
Service Merchandising (Tenn.) (Independent)	1,020	865.0	20.4	115	116	121	10
Best Products (Va.) (Creative)	975	841.8	21.7	89	92	99	8
Modern Merchandising (Minn.) (Creative)	760	685.0	N.A.	79	80	82	5
H. J. Wilson (La.) (Independent)	360	300.1	N.A.	51	54	57	8
Consumers Distributing (N.J.) (Independent)	260	215.0	N.A.	99	102	107	N.A.
Ardan (Iowa) (Creative)	250	220.0	N.A.	52	52	60	N.A.
Jewelcor (Pa.) (Jewelcor)	173	173.0	N.A.	29	24	24	0
Basco (N.J.) (Creative)	130	94.6	(0.4)	19	20	20	N.A.
Century House (N.Y.) (Independent)	127	115.0	N.A.	58	57	58	N.A.
W. Bell (Md.) (Independent)	102	95.5	2.4	13	13	15	2
L. Luria (Fla.) (Mutual)	93	76.4	3.2	19	19	21	4
Sam Solomon (S.C.) (MAI)	88	86.6	(N.A.)	11	11	11	0
Naum Bros. (N.Y.) (Creative)	75	70.0	N.A.	17	17	17	N.A.
McDade & Co. (Ill.) (MAI)	69	60.0	N.A.	7	7	8	1
O. G. Wilson (Tex.) (Paul Schultz)	65	45.0	N.A.	15	17	18	N.A.
Ellman's (Ga.) (Independent)	60	56.0	N.A.	7	7	7	1
Sterling Jewelers (Tex.) (Paul Schultz)	55	51.0	N.A.	5	5	5	N.A.
David Weis (Pa.) (MAI)	53	50.0	N.A.	9	9	10	1
E. H. Tepe (Ind.) (Creative)	43	40.0	N.A.	8	9	9	1
Masters Mdsng. Mart (Fla.) (Jewelcor)	39	35.0	N.A.	23	26	26	4
Brendles (N.C.) (MAI)	37	35.0	N.A.	13	13	13	1
Boardman's (N.Y.) (Independent)	36	34.0	N.A.	16	16	16	N.A.
Towers (N.J.) (Creative)	32	28.0	N.A.	7	7	8	N.A.
MacDonald (Ohio) (MAI)	31	28.0	N.A.	9	9	9	1
Goldbro (Ala.) (Charter)	27	24.0	N.A.	5	5	6	1
Dahlkemper's (Pa.) (Creative)	27	25.0	N.A.	5	5	5	1
Key Distributing (Ga.) (Creative)	23	20.0	N.A.	7	7	8	N.A.
Hartman's (Calif.) (Independent)	22	20.0	N.A.	10	10	12	N.A.
Alexander (S.C.) (Charter)	21	16.0	N.A.	5	5	6	1
Brand Names (N.Y.) (Independent)	21	20.0	N.A.	11	11	11	N.A.
A. J. Foland (Mich.) (American)	21	18.0	N.A.	4	4	5	N.A.
Present (N.Y.) (MAI)	21	19.3	(0.02)	7	7	7	0
R&R (Mass.) (American)	21	17.0	N.A.	7	7	7	N.A.
Fred Gattas (Tenn.) (MAI)	19	16.0	N.A.	5	5	5	N.A.
Top Brands (Mo.) (Paul Schultz)	17	15.0	N.A.	5	5	5	N.A.
K's Merch. Mart (Ill.) (Creative)	17	15.0	N.A.	5	5	5	N.A.
Evans (Md.) (MAI)	16	14.0	N.A.	4	4	4	N.A.
Segall & Sons (Ga.) (American)	15	14.0	N.A.	5	5	5	N.A.

(Some figures are DSN estimates); ( )—loss; N.A.—Not available

Dept. Sales per Square Foot Rise 35.8% Over Past 5 Years

	1970	1975	1976	1977	1978	1979	1980	5-year change	10-year change	'80 vs. '79
Dept. Size (sq. ft.)	1,800	2,050	2,025	1,975	1,720	1,750	1,750	−16.6%	− 2.7%	NC
Annual Turns	3.6	4.0	4.2	4.5	4.5	4.7	4.2	NC	+16.7%	−10.6%
Volume per square foot	—	$70.00	$71.68	$77.89	$92.69	$97.32	$103.00	+35.8%	—	+ 5.8%
Initial Markup	38%	41%	42%	44%	44%	44%	43%	+ 2.3%	+13.1%	− 2.3%
Gross Margin	36%	35%	36%	38%	38%	39%	39%	+ 8.3%	+ 8.3%	NC
Company-Run	76%	94%	95%	96%	96%	96%	96%	+ 4.3%	+26.3%	NC

For the last year, stationery buyers around the country have been shifting their assortments away from fashion-oriented merchandise and focusing more sharply on priced-right basics.

So far, the move has paid off.

Stationery departments posted a 5.8% sales-per-square-foot gain last year. Industrywide, category sales jumped 16.7% to $1.4 billion.

The sales gains came while gross margin levels remained constant at 39%, although initial markups slipped a percentage point to 43%, and turns 0.5% to 4.2%.

Still, over the long haul stationery is more than pulling its own weight.

Volume per square foot has increased 35.8% over the past five years while average department size declined 16.6%.

Themes

(Continued from page 21)

ment of new products, traffic will be built with merchandise that can be tied into the BTS theme.

Apparel for the size 7-14 age group will be the backbone of children's wear sales, but the 4-6x category is also coming on strong as novelty prints become popular.

As fashion continues to trickle down to the 7-14 age group for school clothes, it arrives at the 4-6x group, even though not all children within that group are of school age. Buyers say mothers are as fashion-conscious as the kids themselves; and more fashion means more profits for discounters.

Meanwhile, 7-14 apparel has a definite theme designed to give consumer and discounter a flexible fashion image. Unrestricted by trademarks of any one trend, with the exception of the western influence, an assortment of bottoms and tops offered by discounters represents a coordinated look not limited to a certain number of designed-to-match pieces. Flexibility for the consumer equals multiple sales for the discounter.

Home and office supplies are to stationery what the burgeoning 2-6x category is to children's apparel.

Buyers say there is more excitement in the developing category of home-office. The classification offers a program that appeals to a broader audience than does a school supply program. And because home office is a developing category at discounters as well as one not readily available from other sources in the secondary markets where discounters position themselves, the less competitive area is also more lucrative, with markups up to 30% higher than on other stationery items.

To give stationery an identity during BTS, buyers are cherrypicking a few manufacturers for the most salable items and targeting young BTS consumers with basic items upgraded with novelty designs that have proven track records.

Although scientific calculators with advanced math-function capabilities have been on the market in discount stores for some time, it is only in the coming BTS season that models will retail close to the low-end price points of standard handheld calculators. Even bread-and-butter low-ticket models are expected to garner healthy margins for discounters.

Nylon backpacks are another item discounters can promote for BTS without sacrificing too much profit. They sell themselves year-round with tickets ranging up to $20, but buyers are using them as another BTS traffic draw, because they attract a broad range of shoppers under 30 years of age—the same potential consumers of home and office supplies or scientific calculators.

While some smaller chains realize the natural tie-in between health and beauty aids and back-to-school—their peak season—many have been reluctant to tack promotional prices onto already competitive tickets.

50% Sale Pends For Grace Group

NEW YORK—The W. R. Grace Co. has announced a tentative agreement for the formation of a new company to own and operate Grace's retail group.

The group is comprised of home improvement centers, sporting goods outlets and specialty retail operations and jewelry stores.

Under the terms of the agreement, a 50% interest in the new company would be acquired by Vroom & Dreesmann, the Netherlands' largest retailer with sales in excess of $5 billion.

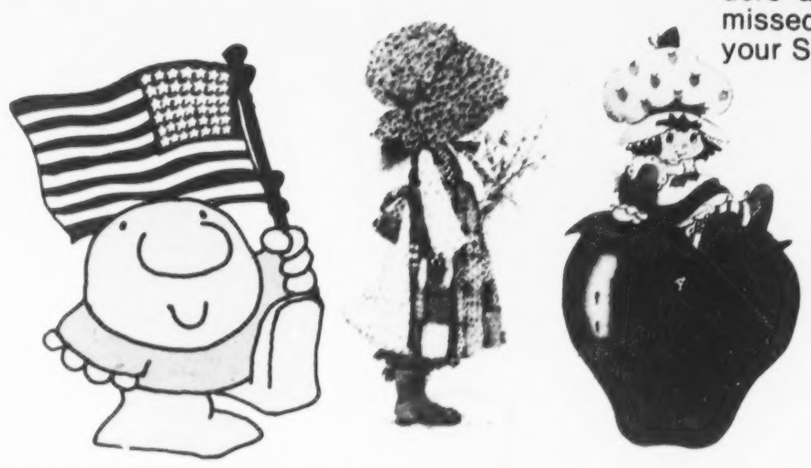
We'll tell you everything you need to know about this exploding category in 4 words:

GROWTH: Sales of school, home and office products are exploding. In the last 5 years the category has doubled in sales and continues to grow. It's a $1.4 billion business. Are you getting your share?

PROFITS: St. Regis produces a complete line . . . 750 fast moving items that return higher profit margins than H&BA, housewares, automotive or toys. And with the St. Regis name, you'll generate traffic and sales 12 months of the year.

CHARACTERS: America's hottest lineup: Strawberry Shortcake,™ Ziggy,™ Mini-Page,® Holly Hobbie® are now featured on many St. Regis products. Lovable characters that dress up your shelves and are pre-sold to your customers.

SUPPORT: We back our quality line with trade and consumer promotions and colorful P.O.P. And we offer super service. Orders are usually delivered within 48 hours. No out-of-stocks, no missed sales. For action, call Dale Scott toll free: 1-800-633-6378 or your St. Regis broker.



ST REGIS Consumer Products

Strawberry Shortcake and Holly Hobbie © American Greetings Corporation 1981 Ziggy © 1981 by Universal Press Syndicate Mini-Page © 1981 by Universal Press Syndicate

Discount Store News

PRODUCT MOVEMENT AUDIT

Sales Will Stay Hot in Writing Instruments

By M. Raymond Prendergast
President,
Boston Distributors

The stationery, school supplies, and home office products department afforded Boston customers an average of 29% in sales increases in 1980. The negative impact of the declining school-age population was more than offset by the boom in home office products, increased manufacturer advertising expenditures, especially in the writing instrument category, and aggressive merchandising and promotional actions on the part of the retailer.

The 1981 back-to-school season represents a challenge to the retailer as a tightening economy threatens to impede the growth opportunity of this market. Short inventory supply, coupled with limited promotional support, will decrease the market share of the reticent retailer. Aggressive ads and adequate inventories of the right mix will capture this share for those willing to make the investment.

Nowhere is this fact more clearly evidenced than in the writing instrument segment, which grew 35% in 1980. Retailers should be prepared to meet the opportunities presented by a category which is being expanded by significant manufacturer expenditures. The tremendous success of Papermate's Erasermate and Scripto's Erasable pen will not be short lived as both companies will increase ad budgets in 1981. Bic, not about to give up the fight, will pour millions into its Rollerball brand. Pencils and pens available in cost-saving multipacks will remain a mainstay of the category despite losing ground to the advertised brands.

Area of Reliance

The paper and theme book category, which showed us a 23% increase in 1980, is also expected to have a strong back-to-school year. Although not characterized by the heavy advertising support afforded to writing instruments, paper will continue to be the largest category of the department. Filler paper in the 200-count package led the 1980 PMA, while the 150-count rose to the No. 5 spot because of its lower price point. Theme books were led by the 70-count notebook followed by the 200-count, 5-subject notebook in a wide margin rule. Increased sales to the college population were reflected in the strong showing of the narrow margin 200-count theme book. College rule 100-count filler, 100-count theme, and 9½ x 6

(Continued on page 51)

STATIONERY

These figures for the year 1980, supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio, cover 320 stores, including 290 discount department stores in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

MISCELLANEOUS SCHOOL SUPPLIES

$ Rank	Item	Unit Movement	Unit Rank
1	Crayola Crayons 24 CT	68,748	4
2	Crayola Crayons 64 CT	26,082	10
3	Crayola Crayons 48 CT	30,462	8
4	Star Wars Cork Board Display 91905	6,840	14
5	Crayola Crayons 16 CT	45,528	6
6	Tot Stapler w/1M Staples TB12C	14,544	13
7	Cub Stapler BC B49C	6,036	15
8	Scotch Utility Tape 1/2 x 800 in. RK2	152,880	1
9	Scotch Magic Tape 1/2 x 450 in. 104	80,952	2
10	Scotch Magic Tape 3/4 x 350 in. 105	57,336	5
11	Elmers School Glue 4 oz. E304	40,284	7
12	Borden Mystic Tape 1/2 x 500 in. M921	76,968	3
13	Krazy Glue 200BX	16,140	12
14	Elmers Glue 4 oz. E372	28,044	9
15	Scotch Magic Tape 1/2 x 800 in. 119	16,224	11

OFFICE SUPPLIES

$ Rank	Item	Unit Movement	Unit Rank
1	Mead Steno Book—White 80 Count	33,768	1
2	Vernon McMillan File Folders 1/3 Cut #40306	16,074	4
3	Esselte Hanging File Folder System #40129	1,182	87
4	Mead Legal Pad 11 in. 50 Count	18,576	3
5	Dome Weekly Bookkeeping Record #600	2,340	53
6	Mead Legal Pad 14 in. 50 Count	14,928	5
7	Sheaffer Eaton Telephone Address Book 80011	3,288	43
8	Mead System Clasp Envelope 9 x 12	4,920	30
9	Holes Webway Diary One Year #1106	1,698	70
10	Mead System Clasp Envelope 25 Count 10 x 13	4,092	36
11	Abaca Expanding File #0817A	1,987	59
12	Sheaffer Eaton Telephone Address Book #80201	2,880	48
13	Esselte Index Cards Ruled 100 Count 3 x 5	21,000	2
14	Sheaffer Eaton Telephone Address Book #80006	4,332	34
15	Mead Desk Pad Monthly 22 x 17	1,310	82

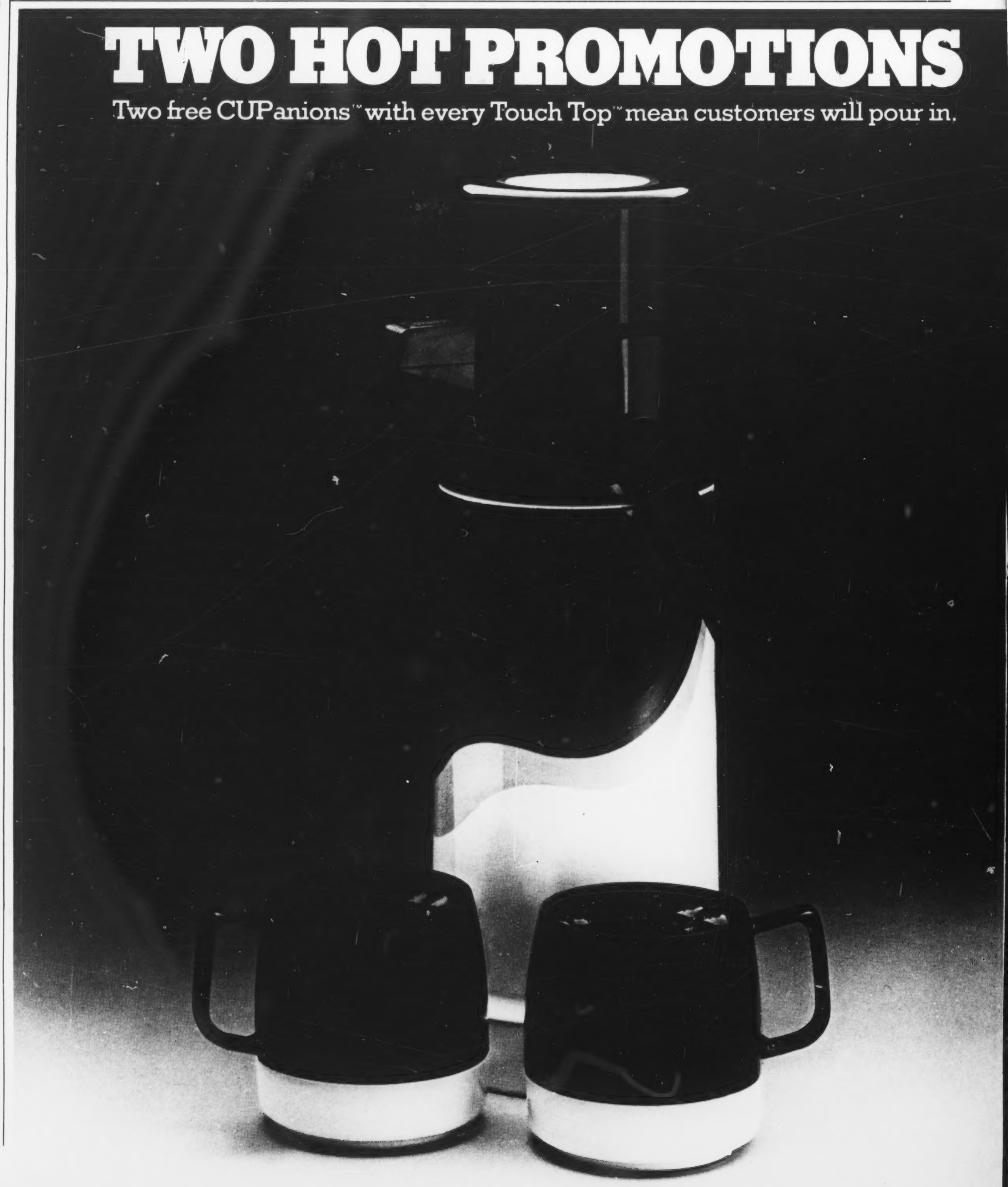
STATIONERY AND ENVELOPES

$ Rank	Item	Unit Movement	Unit Rank
1	Mead Envelope 100 Count	170,376	1
2	Mead Envelope Legal 50 Count	149,016	2
3	Mead Envelope Security 80 Count	28,776	4
4	Mead Envelope Security 40 Count	23,040	5
5	Mead Tablet Ruled 100 Count	29,820	3
6	Mead Envelope Press Seal 40 Count	17,280	7
7	Mead Tablet Plain 100 Count	19,584	6
8	Mead Playful Pals Box Stationery #88210	2,880	30
9	Mead Only A Rose Tablet #79530	6,732	11
10	Mead Devonshire Brocade Box Stationery #88222	2,700	32
11	Mead Box-Tea Roses Assorted #88008	3,372	25
12	Mead Fold N Seal Letter Notes #79310	3,504	23
13	Mead Woodsie Tablet 36 Count	6,216	13
14	Garden Song Box Stationery #88226	3,000	28
15	Notes-Dec Thank You Assorted #88042	5,208	17

FILES & DESK ACCESSORIES

$ Rank	Item	Unit Movement	Unit Rank
1	Ballanoff File Cabinet 2 Drawer 182WB	1,466	20
2	Ballanoff File Cabinet 4 Drawer 184WB	761	38
3	Ballanoff Security Chest 01387	1,342	25
4	Rockaway Cash Box H260	2,211	12
5	Ballanoff Porta File #02612	4,472	1
6	Ballanoff Security Chest #01385	1,128	27
7	Ballanoff Porta Check File Plastic #02499	4,348	2
8	Rockaway Security Chest H300	873	33
9	Rockaway Check File H280	1,464	21
10	Ballanoff Porta Giant File #1912	1,452	22
11	Sterling Desk Mate #288	2,481	11
12	Sterling Memo Holder 4 x 6 Smoke #285	2,484	10
13	Ballanoff Security Chest #1383	570	44
14	Sterling Desk Tray (with Cutout) #282	3,307	6

(Continued on page 51)



STATIONERY

(Continued from page 50)

WRITING INSTRUMENTS

$ Rank	Item	Unit Movement	Unit Rank
1	Papermate Erasermate Pen #38004	191,292	2
2	Empire Pencils 10 Pack #1018	199,272	1
3	Bic Pens 10 Pack S2505	58,824	4
4	Scripto Erasable Pen	68,664	3
5	Bic Click Value Pack 5207	29,364	10
6	Papermate Wright Bros. Stick Pen 10 Pack #93060	30,240	9
7	Magic Marker Markers 20 Pack	17,395	18
8	Bic 3 Piece School Special S69	54,776	5
9	Parker Jotter Ball Pen #3023	7,380	64
10	Bic 5 "Star" Pack Medium Pen S1254	23,433	13
11	Bic Banana Ink Crayons IC198	13,200	33
12	Bic Four Color Pen MF198	11,136	41
13	Papermate Erasermate Refill Blue 42104	15,408	22
14	Scripto Stick Pens 10 Pack B109	12,864	34
15	Berol Roller Pen Blue Special 3 Pack	14,376	23

SCHOOL PAPER AND THEME BOOKS

1	Mead Filler Paper Wide Margin 200 Count	573,121	1
2	Mead Filler Paper Narrow Margin 200 Count	242,184	2
3	Mead Spiral Notebook 70 Count	294,888	3
4	Mead Theme 5-Subject 200 Count	44,436	12
5	Stuart Hall Filler Paper Wide Margin 150 Count	78,912	7
6	Mead Theme 3-Subject 120 Count	61,152	8
7	Union Camp Spiral Notebook 100 Count	41,400	14
8	Mead Theme 5-Subject 200 Count	17,232	24
9	Mead Spiral Notebook 40 Count	44,244	13
10	Stuart Hall Filler College 100 Count	20,388	20
11	Stuart Hall Star Wars Theme Book 5517	25,056	18
12	Union Camp Theme College 8 x 11 100 Count	13,248	33
13	National Blank Book Theme Book 4-Subject 6-Pocket	7,032	58
14	Stuart Hall Theme Book 9½ x 6 108 Count	12,144	36
15	Critter Sitter Theme Book 70 Count #05342	12,072	37

BINDERS AND PORTFOLIOS

$ Rank	Item	Unit Movement	Unit Rank
1	Trapper Keeper Binder #29096	12,024	38
2	Organizer Binder #29400	11,364	39
3	Data Center Binder #29300	10,392	42
4	Duotang Report Cover 3H 2 Pocket	79,025	6
5	Scholar Set Filled Binder #29610	5,616	70
6	Star Wars Portfolio #8445	52,272	10
7	Binder Canvas Clip 3 RG	8,736	50
8	Portfolios 2 Pocket 5 Pack	19,260	22
9	Canvas Binder 2 in.	5,316	74
10	Duotang Report Cover 2 Pocket #50125	91,375	4

TYPING SUPPLIES

1	Stuart Hall Typing Paper 200 Count	47,028	1
2	Liquid Paper Correction Fluid White #564C	19,920	2
3	Mead Erasable Typing Tablet 40 Count	13,932	4
4	Carter Carbon Paper #65200	16,128	3
5	Mead Add-Calculator Rolls #65125	8,268	8
6	Sheaffer Eaton Type Tablet Corrasable #34416	7,296	9
7	Carter Expert Corrector Tape #65058	8,376	7
8	Mead Typing Tablet 40 Count	12,084	6
9	Sheaffer Eaton Type Pkt Corras 16 lb. #36416	4,416	11
10	Liquid Paper Typewriter Ribbon Universal	5,016	10

Biz to Stay Big

(Continued from page 50)

notebooks also placed in the top 15. Specialty books, such as National's 4-subject, 6-pocket, are also on the rise. Fashion theme books, as well as portfolios, were led by Star Wars from Stuart Hall and Critter Sitter from Mead.

Portfolio dollar sales were increased by the multipacks, which afford the consumer a value while limiting retailer expense in handling and ticketing. Binder sales were led by 1979's new entry, Trapper Keeper from Mead. This manufacturer's TV support of specialty binders has pumped new growth into this previously stagnant segment. A new 1981 entry from Mead, the Flex 3, should do well with the help of a healthy ad budget.

The strongest growth in the department has been and will continue to be in the home office product segment. Marketing innovations which have created products and packaging suitable for resale in the mass merchandiser outlet, supplemented by aggressive retailer ad support, have stimulated sales to both home users and small offices. Leading th growth have been file cabinets and security chests with a 61% gain in 1980. Office supplies including steno books, file folders, bookkeeping records, legal pads, and clasp envelopes enjoyed a 30% gain with Boston. Year-round advertising support, carefully merchandised product assortments, and suitable space allocation will enable the retailer to take advantage of the sales and profit opportunities presented by this important growth area.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

'IFSOS' Formula Is Urged For Ads

CHICAGO—The "IFSOS" formula is the key to retail advertising in the 80's, according to Alfred Eisenpreis, vice president, retail marketing, for the Newspaper Advertising Bureau headquartered in New York.

"IFSOS," an acronym for Identify, Focus, Simplify, Organize and Sell, was at the heart of the presentation Eisenpreis and Jerry Hoegner, vice president, communications, The Higbee Co., made at the annual Retail Advertising Conference held here last month.

The formula was offered to retailers as an alternative to tried and true ad efforts that "may have become a little too familiar to a consumer population that expects change," according to Eisenpreis.

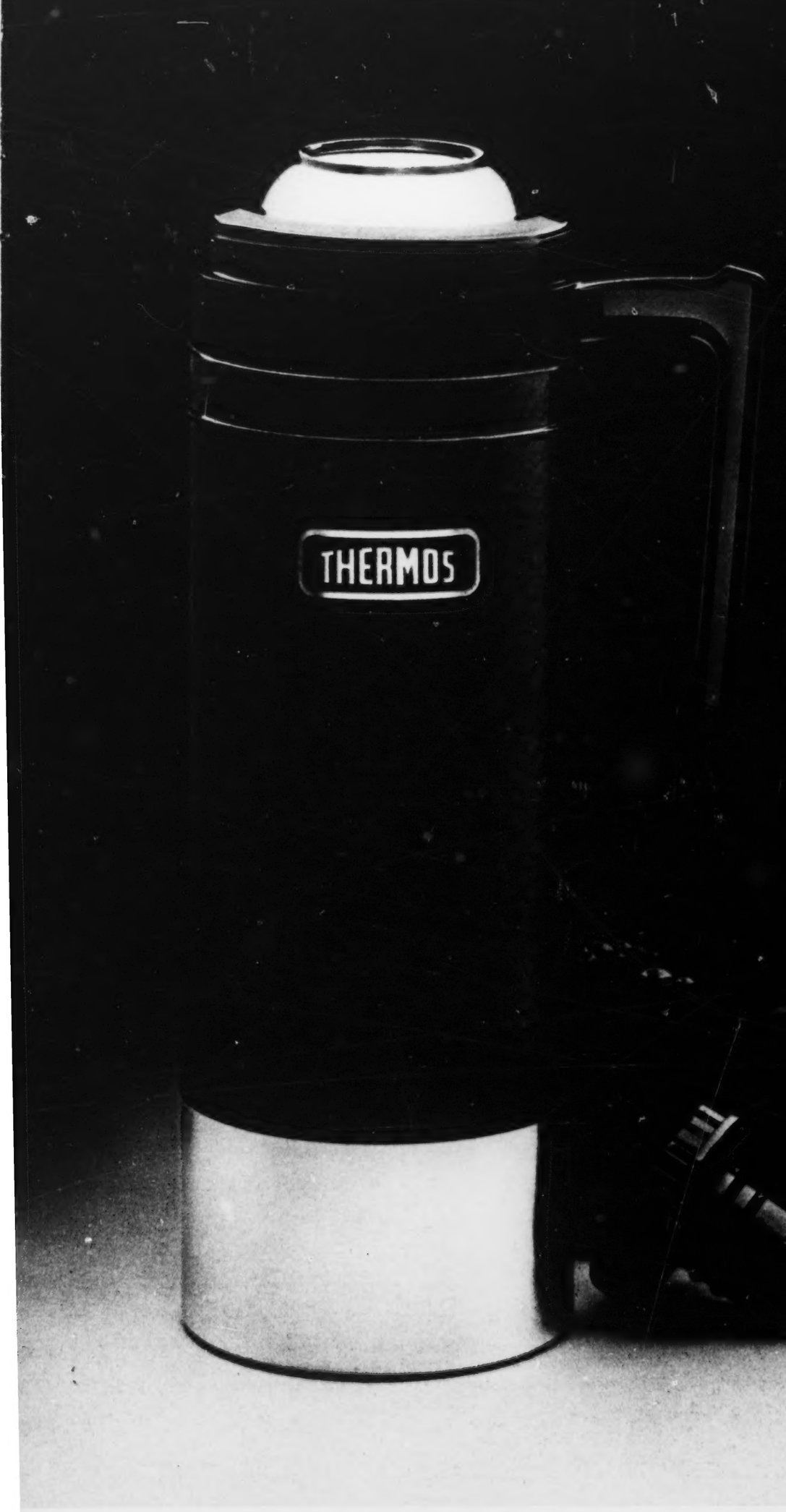
Innovative Techniques

More carefully detailed, "IFSOS" advertising urges retailers to:

- Identify: Ads should telegraph who you are and who your target customer is.
- Focus: Use a dominant element to focus reader's attention on your ad.
- Simplify: Define purpose of each ad, then eliminate everything that is not essential.
- Organize: Help your busy customer make the best use of your time. Make advertising a preshopping service.
- Sell: Always important, but sometimes more urgent . . . talking customer benefits can move traffic into your store when you must move merchandise out.

FROM THERMOS

A free Grabber™ handle with every Standard Steel™ Vacuum Bottle means business will pick up.



Thermos has always kept things hot with new products to sell. This year, we've also got a whole new way of selling them.

When you order the Touch Top,™ you won't just get the beverage dispenser people can't wait to get their hands on. You'll also get a pair of CUPanions,™ the light, unbreakable insulated cups, packed with it.

And if that idea grabs you, so will the promotion for the Thermos® Standard Steel™ Vacuum Bottle. Every one comes with the Grabber™ handle, which makes it pour like a pitcher.

These promotions are a big plus because they add value (our suggested retail price for CUPanions is $3.50; for the Grabber, $5.00). Yet they don't add any extra work.

You get either promotion on-pack, automatically. You don't handle it, wrap it or pay for it. You just sit back and let it work for you.

So this spring, why not put a little heat on the competition? Just call your Thermos Sales Representative and ask about Thermos on-pack promotions.

Once you find out what they do for sales, the thought of selling anything else will leave you cold.

The Original American THERMOS® Company

Thermos Division
King-Seeley Thermos Co. Norwich, CT 06360
800-243-0745

®Thermos is a registered trademark of the King-Seeley Thermos Co.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Coast Ordering Gains For New Housewares

By Jerry Falk
Executive VP,
Bacar Inc.

A handful of new items scored high on the housewares Product Movement Audit report for January covering West Coast markets. This occurred despite the predominant interest in restocking basics that sold out during the holiday period.

The new items that were among the top sellers included a Libbey 7-oz. Margarita glass; Corning Glass Dimension IV dinnerware; Nordic microwave cookware; Kellogg Capt. Hook angled broom, and Corning Ware French White cookware.

Their strong showing denoted the continued interest among discounters and other retailers for new products and fashions to stimulate housewares sales in the face of the lagging economy.

Promotions are the other area that discounters are banking on to draw shoppers. The PMA doesn't include promotional offerings because of the short-term impact that such items make and which doesn't reflect the long-term movement that is tracked in the audit. The interest in promotions, however, is evident from demands for this merchandise from retailers, and from the strong interest in local housewares shows where promotions are a key inducement from manufacturers.

As for the PMA report, the new items illustrate basic trends to watch in housewares. The Margarita glass, for example, denotes the entertainment habits indigenous to the southern California area. That interest includes heavy consumption of wine, as the state is a leading wine producer; wine glasses accounted for three of the top five listings.

Twenty-four-piece glassware sets accounted for the other two places due to the value such sets offer consumers.

The informal lifestyle that is the hallmark of West Coast consumers is responsible for a number of items scoring high on the report. This includes Corning Glass' new Dimension IV 16-piece dinnerware and Corning Ware cookware in the French White pattern.

Another major housewares trend very strong on the West Coast is the interest in microwave cooking. Cookware specifically geared for microwave ovens showed up on both the cookware and Corning Ware listings.

In the latter report, the new items included the 1-qt. Cook 'N Pour cup and a 10-in. browning skillet. On the cookware au-

(Continued on page 61)

HOUSEWARES

These housewares figures for Jan. 1-Jan. 31, 1981, were supplied by Bacar Inc., distributors, San Jose, Calif., and cover 1,300 stores, including 200 discount department stores. Average retail prices listed by Bacar reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	BATH SHOP			
1	Grayline large shower caddy, white	2,082	5.12	10,659.84
2	Grayline shower caddy	1,200	3.14	3,768.00
3	Selfix portable wall/hand shower	140	8.99	1,258.60
4	Selfix shampoo spray	624	1.98	1,235.52
5	Kellogg bowl brush, plastic handle	1,164	0.98	1,140.72
6	Kellogg bath brush, nylon	684	1.43	978.12
7	Empire bowl brush, wood handle	959	0.98	939.82
8	3M bowl brush	324	2.87	929.88
9	Borg scale, square, brown	64	13.94	892.16
10	Empire sponge bath brush	372	2.33	866.76
	RUBBERMAID			
1	30-gal Roughneck can, chocolate	925	23.35	21,598.75
2	30-gal Roughneck can, avocado	816	23.35	19,053.60
3	22" hi Covered wastebasket, lift-top, almond	1,104	7.55	8,335.20
4	Rectangular laundry basket, chocolate	1,560	5.21	8,127.60
5	22"-high Covered wastebasket, lift-top, gold	1,069	7.55	8,070.95
6	Ice cube tray	8,159	0.89	7,261.51
7	Rectangular laundry basket, almond	1,362	5.21	7,096.02
8	Rectangular laundry basket, gold	1,290	5.21	6,720.90
9	12" wide Slide-out drawer, almond	678	8.95	6,068.10
10	32-gal Roughneck can, chocolate	228	23.35	5,323.80

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING WARE			
1	Microwave set	233	44.38	10,340.54
2	10" Microwave browning skillet	273	24.35	6,647.55
3	2½-qt Round casserole, French White	402	15.74	6,327.48
4	1-qt Microwave Cook 'N Pour	384	15.51	5,955.84
5	Counter-Saver, large, Wildflower	237	23.73	5,624.01
6	10" Pie plate, French White	573	9.57	5,483.61
7	Casser-ette dish	717	7.59	5,442.03
8	Grab-It set	507	10.70	5,424.90
9	Counter-Saver, large, Cornflower	240	21.68	5,203.20
10	Kitchen Starter set, Spice	110	44.43	4,887.30
	PYREX			
1	3-qt Oblong bake dish	2,309	5.27	12,168.43
2	3-qt Utility dish w/basket	444	14.41	6,398.04
3	2-qt Oblong bake dish	1,350	4.68	6,318.00
4	3-pc Mixing bowl set, clear	780	6.71	5,233.80
5	1-qt Liquid measure	1,307	3.59	4,692.13
6	1-cup Liquid measure	2,208	2.00	4,416.00
7	3-qt Utility dish, Fireside	810	5.14	4,163.40
8	1-pt Liquid measure	1,566	2.53	3,961.98
9	2-qt Casserole dish, w/basket	264	14.41	3,804.24

(Continued on page 61)

To master the market, mastermind the store.

Imagine every shopper no more than a few steps away from reaching your store at any hour of the day. And suppose you could respond to customer questions, consult and update your inventory data base, and complete the sale all in the same phone call.

Teleshopping from the Bell System lets you do all of this and more, at a time when customers can no longer afford to overlook the rising cost of shopping by car.

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One call to your Bell Account Executive starts the process.

The knowledge business

Coast Ordering

(Continued from page 57)

dit two items from Nordic, a Micro-Go-Round and a bacon rack, were Nos. 1 and 3; an Anchor Hocking bacon rack was No. 9.

Replenishment of basics was especially evident in such categories as gadgets, plastics, bath shop, cleaning and chemicals and Rubbermaid.

Most of the items on these five charts carried retails of under $5. Discounters were restocking these products because the cost enables them to be featured at the regular retail tag in chain-developed ads geared to promoting price points such as $1 or two for $3.

Using these items means that discounters don't have to be concerned about selling out nonbasic promotional goods as these basics are just returned to the everyday mix once a promotion is over.

The greatest unit movement recorded in the report went to housewares that are used for spring cleaning, such as brooms, dustpans and vacuum bags.

Cleaning and chemical items and bath shop products used for cleaning, such as bowl brushes, become increasingly important during the first quarter of the year, and the heavier unit movement was indicative of this.

HOUSEWARES

(Continued from page 57)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TABLETOP			
1	Corelle 20-pc set, gold	429	38.78	16,636.62
2	Expressions 20-pc set, Wildflower	217	63.09	13,690.53
3	Corelle 20-pc set, white	356	36.82	13,107.92
4	Expressions 20-pc set, Indian Summer	205	63.09	12,933.45
5	Corelle 20-pc set, Woodland	262	38.78	10,160.36
6	Corelle 20-pc set, blue	237	38.78	9,190.86
7	Dimensions IV 16-pc set, Cinnamon	171	38.98	6,665.58
8	Expressions 20-pc set, Meadow	98	63.09	6,182.82
9	Expressions 20-pc set, Strawberry	70	63.09	4,416.30
10	Dimensions IV 16-pc set, Citrus	91	38.98	3,547.18
	GLASSWARE			
1	Libbey 6½-oz tall wine, Citation	784	5.94	4,656.96
2	Anchor Hocking 24-pc set, Good Time	169	21.60	3,650.40
3	Anchor Hocking 24-pc set, Newport Crystal	194	17.90	3,472.60
4	Libbey 6½-oz red wine, Citation	504	5.94	2,993.76
5	Libbey 11-oz white wine, Citation	479	6.03	2,888.37
6	Libbey 7-oz Margarita glass	1,328	2.07	2,748.96
7	Libbey 5-gal crystal Pig	94	28.80	2,707.20
8	Libbey 10-oz goblet, Citation	455	5.94	2,702.70
9	Libbey 16-oz cooler, Gold Bolero	750	3.60	2,700.00
10	Anchor Hocking 2-lb sq candy jar w cover	1,188	2.25	2,673.00
	COOKWARE			
1	Nordic Micro-Go-Round	1,122	47.69	53,508.18
2	T-Fal 18" skillet	2,675	11.69	31,270.75
3	Wear-Ever Preferred 10" fry pan, SilverStone	1,775	10.35	18,371.25
4	Nordic Micro bacon rack	1,776	7.64	13,568.64
5	Wear-Ever Preferred 8" chef pan, SilverStone	1,266	8.09	10,241.94
6	Melitta 10-cup drip coffeemaker	1,002	8.09	8,106.18
7	Gen. Hswrs Graniteware 7-qt spghtti ckr	550	14.36	7,898.00
8	Revere 3½-qt tea kettle, cop-btm	427	18.00	7,686.00
9	Anchor Hocking microwave bacon rack	1,194	6.02	7,187.88
10	Supreme 10" tube cake pan	984	6.74	6,632.16

Service

(Continued from page 11)

The mailing of catalogs to prime customers has resulted in Service Merchandise holding down distribution to about 6.5 million copies as the number of showrooms grows from 101 to the projected 121 units.

The company produced its first catalog in the 1980-81 season and estimated production costs were about 12% less than the cost of buying the same number of books from Creative Merchandising.

(Service Merchandise and L. Luria left the Creative group last year, the former to become an independent cataloger and the latter to join the Mutual Merchandising group. This resulted in a 25% drop in revenues for Creative Merchandising, a subsidiary of Modern Merchandising.)

Service Merchandise's effort to generate more bottom-line profits includes testing hard goods specialty stores that are natural extensions of categories carried in the showrooms.

More Stores

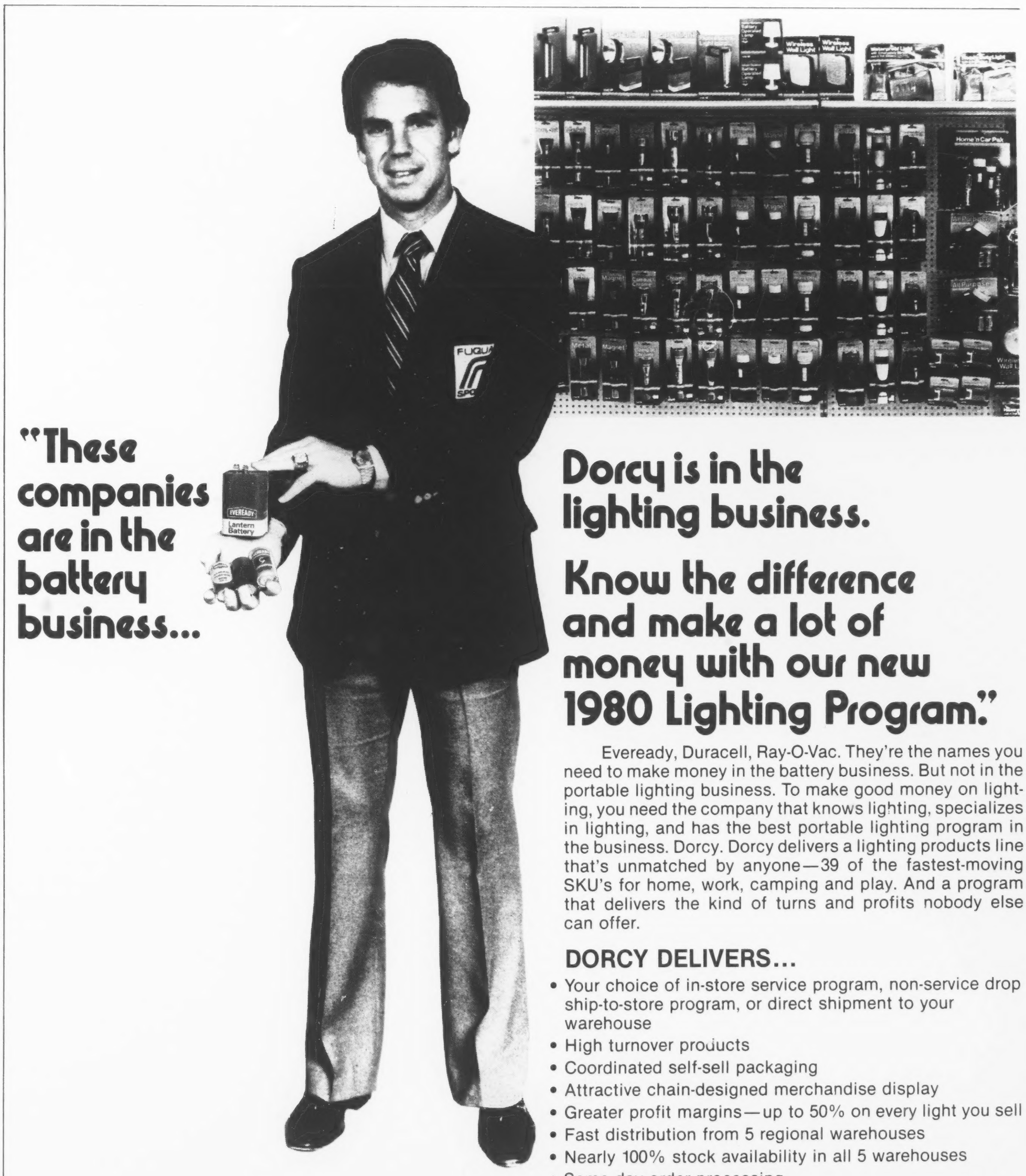
The first specific move was the opening of two toy, sporting goods and juvenile products stores under The Toy Store logo. Executives declined to comment on a possible move into photo and consumer electronic specialty stores as the next step.

The two toy stores follow the format of other toy specialty stores in which merchandise is mass displayed and only the top-selling items are sharply priced to meet competition, with most other goods carrying higher margins and generating the most profits.

Size Varies

The two stores' mix of about 12,000 sku's is four times larger than the assortment for these categories carried by a Service Merchandise showroom.

Use of The Toy Store logo without any identification with Service Merchandise has enabled the cataloger to price items in the specialty store differently from the same goods in the showrooms.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